

Message Text

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PAGE 01 STATE 256858

61

ORIGIN EA-10

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 256858

E.O. 11652: GDS

SUBJECT: DL LEVEL FOR FY-1975

REF: A) JAKARTA 14036; B) STATE 249518.

1. DL FIGURE FOR FY 1975 SHOULD BE CONVEYED TO INDONESIANS IN CONTEXT OUR DESIRE KEEP THEM INFORMED OF DECISIONS RELATING TO OUR TOTAL ASSISTANCE FOR CURRENT FISCAL YEAR. THEY WILL RECALL THAT PREVIOUS ESTIMATES GIVEN WERE SUBJECT TO AVAILABILITY OF FUNDS. FORTY MILLION DOLLAR FIGURE REPRESENTS SUBSTANTIAL CONTINUATION OF CONCESSIONAL LENDING DESPITE STRONG CONTRARY PRESSURES IN CONGRESS. INDONESIANS WILL ALSO RECALL WE MADE CLEAR THAT INCREASING PORTION OF U.S. FINANCING FACILITIES MADE AVAILABLE TO GOI WOULD BE ON HARDER TERMS; SUBSTANTIAL EXIM BANK COMMITMENTS MADE DURING THIS CURRENT YEAR TESTIFY TO THIS TREND.

2. WE DO NOT INTEND TAKE INITIATIVE TO CONVEY THIS DL FIGURE TO OTHER IGGI MEMBERS BUT IT WILL PROBABLY BECOME PUBLIC KNOWLEDGE EARLY NEXT YEAR IN COURSE CONGRESSIONAL PRESENTATION. IF INDONESIANS INQUIRE ABOUT THIS, SUGGEST YOU POINT OUT THAT DL FIGURE IS ONLY ONE ELEMENT OF ASSISTANCE WHICH APPLIES TO U.S. IGGI PLEDGE AND THAT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 256858

THROUGH THIS AND OTHER ELEMENTS WE STILL HOPE COME WITHIN RANGE OF SUBSTANTIAL FULFILLMENT 1974 IGGI PLEDGE. THUS WE SEE NO REASON WHY THIS DECISION SHOULD AFFECT PLANS OF OTHER DONORS.

3. WHILE TREND OF U.S. CONCESSIONAL ASSISTANCE TO INDONESIA OBVIOUSLY DOWNWARD, WE DO NOT WISH OPEN DISCUSSION OR MAKE ANY PREDICTION RE 1976 ASSISTANCE. SHOULD INDONESIANS ASK WHAT REDUCTION IN DL LEVEL PORTENDS FOR U.S. POSITION AT NEXT IGGI MEETING, YOU MAY STATE U.S. HAS NOT YET MADE DECISION RE FY-76 ASSISTANCE. NATURALLY, VIEWS OF OTHER DONORS, REPORT OF IBRD/IMF BASIC MISSION, CONGRESSIONAL SENTIMENTS AND INDONESIAN BALANCE-OF-PAYMENTS SITUATION WILL ALL BE FACTORS AFFECTING DECISION ON DL LEVEL IN FY-76 CONGRESSIONAL PRESENTATION.

4. WITH REGARD YOUR PROPOSAL THAT YOU SUGGEST TO INDONESIANS THEY FOREGO SEEKING PLEDGES AT NEXT IGGI MEETING, THIS IDEA HAS BEEN DISCUSSED INFORMALLY AT VARIOUS LEVELS IN IBRD AND WE KNOW INDONESIANS ARE AWARE OF IT. WE WOULD PREFER AT THIS TIME TO LEAVE MATTER WITH BANK AND GOI RATHER THAN TAKING IT UP WITH GOI OURSELVES.

5. ON PL 480 CURRENT STATUS IS DESCRIBED IN NOVEMBER 13 INGRAHAM OFFICIAL-INFORMAL LETTER TO TOUSSAINT. IF GOI OFFICIALS RAISE SUBJECT, YOU SHOULD STILL CONFINE REPLY TO GUIDANCE CONTAINED IN STATE 234190. INGERSOLL

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